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C O N F I D E N T I A L SECTION 01 OF 02 MOSCOW 000554

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TAGS: PREL PGOV ECON RS UP

SUBJECT: RUSSIA PLAYS DOWN CHERNOMYRDIN FLAP

Classified By: Pol M/C Alice Wells for reasons 1.4(b) and (d)

¶1. (C) Summary: MFA Ukraine Office Director Vyacheslav Yelagin told us that Russia considered Ukraine's threat to declare Russian Ambassador to Ukraine Viktor Chernomyrdin a PNG to be an attempt by Ukrainian President Viktor Yushchenko to improve his dismal approval ratings, while President Medvedev reiterated Russia's interest in building cooperation with Ukraine on a "mutually beneficial and pragmatic basis," and bilateral talks continued at low levels. Yelagin suggested Russia's response to any credit request from Ukraine would depend on Ukraine's behavior toward Russia, and noted Russia's need for foreign currency tempered the GOR's threats of cutting off gas supplies to Ukraine. End Summary.

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Chernomyrdin  
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¶2. (C) MFA Ukraine Office Director Vyacheslav Yelagin told us March 3 that Russia considered Ukraine's threat to declare Russian Ambassador to Ukraine Viktor Chernomyrdin a persona non grata to be an attempt by Ukrainian President Viktor Yushchenko to improve his dismal approval ratings. Pointing to the February 18 MFA statement on the subject, Yelagin said he had little more to add to the criticism voiced there over Ukraine's "unfriendly move," followed by the reiteration of Russia's priority of maintaining close, neighborly, and mutually beneficial relations with Ukraine. Foreign Minister Lavrov's February 18 criticism of Ukraine's actions as something that "should not be allowed" and which left him "embarrassed and ashamed" was similarly tempered by President Medvedev's February 24 congratulatory telegram to Yushchenko February 24, stating Russia was ready to "build cooperation on a mutually beneficial and pragmatic basis." Given the close historical and cultural ties between the countries, Yelagin said Russia could hardly wish to worsen relations with Ukraine. However, he allowed that Russia would retaliate in like manner, were Ukraine actually to PNG Chernomyrdin.

¶3. (C) Yelagin contended that Chernomyrdin had said nothing wrong in his February 9 interview with Russian newspaper Komsomolskaya Pravda, but that his "graphic" style of speaking had caused the flap. Yelagin stressed this was not the first time Chernomyrdin had used such colorful language, and that Ukraine had complained to the GOR about him before. He rejected the notion that Ukrainian Foreign Minister Volodymyr Ohryzko's dismissal was a result of Ohryzko's threat to Chernomyrdin. (Pro-Kremlin Duma member Sergey Markov, who plays an active role in Russia's "political technology" work in Ukraine, told us it was time for Chernomyrdin to go. Markov criticized Chernomyrdin's single-minded focus on his business deals to the exclusion of Russia's long-term interests in Ukraine.)

¶4. (C) Yelagin supported Chernomyrdin's comments made in the same interview about Russia's inability to emulate the U.S. in influencing the Ukrainian society and public opinion. He

argued that the U.S. was allowing Yushchenko to split Ukraine in two and destroy the common historical and cultural roots between Russia and Ukraine.

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Bilateral consultations  
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¶ 15. (C) Yelagin referred to the March 5 bilateral consultations on regional security as an example of how Russia-Ukraine talks continued at low levels, despite Russia's decision not to pursue high-level talks with Yushchenko, given that "no results could be expected" from them. The agenda for the security talks included NATO, Medvedev's European Security Treaty, and the Turkish proposal for a Black Sea Defense Ministerial.

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Credit  
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¶ 16. (C) Confessing he had not participated in internal deliberations, Yelagin denied Russia had any intention of "politicizing" Ukraine's possible request for a USD 5 billion loan from Russia, and likened Ukraine's intentions to other CIS countries' requests for Russian aid. However, he conceded Russia's reaction to a request would depend on Ukraine's behavior toward Russia, with anti-Russian policies producing a negative response from Russia. Russia would also demand a guarantee that Ukraine repay the loan in full, which Yelagin said Ukraine had so far been unwilling to provide. Duma Deputy Markov separately insisted to us that the loan

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deal was on the table, maintaining that Russian interests were served by providing credits to "client states."

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Gas  
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¶ 17. (C) Yelagin explained the harsh statements by Medvedev and Putin about the possibility of again shutting down gas supplies to Ukraine with Russia's fatigue regarding Ukraine's behavior, and fear the problem of payments would reoccur on a regular basis. However, he tempered this by noting Russia needed foreign currency and therefore could not afford to take any actions harming European consumer supplies.

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Analysts  
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¶ 18. (C) Analysts agree that Yushchenko has artificially played up the Chernomyrdin incident. Artem Malgin from MGIMO suggested Chernomyrdin's business interests in Ukraine made him too much of an "internal player" in Ukrainian politics for his remarks to cause the sort of repercussions threatened. In return, the Russian MFA regarded him as not "one of their own," so did not pay much attention to his verbal escapades. Malgin and Mikhail Rostivskiy (in a February 19 Moskovskiy Komsomolets article) agreed with Yelagin's view that Yushchenko was attempting to stand up to Russia in order to improve his domestic ratings.

BEYRLE